

## Vehicle Costs

### Policy

**Grants and Agreements, Subtitle A (Office of Management and Budget Guidance for Grants and Agreements), Chapter II, Part 200, Subpart E, General Provisions for Selected Items of Cost:**

(b)(2) Capital expenditures for special purpose equipment are allowable as direct costs, provided that items with a unit cost of \$5,000 or more have the prior written approval of the Federal awarding agency or pass-through entity.

**Compliance Supplement 2020:**

2. *Capital Expenditures* a. FNS has authorized WIC state and local agencies to charge the full acquisition cost of non-computer equipment costing less than \$25,000 per unit without obtaining prior FNS approval, and to allow local agencies under their oversight to do likewise. FNS regional offices retain the discretion to apply a lower dollar threshold to an individual state agency and to the local agencies under its oversight, provided certain requirements apply and the state agency receives written notice.

### Authority

**Grants and Agreements Federal Regulations:** 2 CFR Part 200.439 (b)(2)  
**Compliance Supplement 2020** 4-10.557-8 – III, B,2. A (August 2020)

### Procedures

Allowable vehicle costs include transportation of staff and equipment to clinics and travel for vendor monitoring, outreach, training and other program purposes. These costs may be met by:

- Reimbursing employees for use of their own vehicles
- Leasing a vehicle
- Purchasing a vehicle
- A combination of all three.

The Department allows contract agencies to purchase vehicles with grant funds if the following conditions are met:

1. The Agency must submit a written proposal to the Department for approval.
2. The proposal should contain a financial analysis of each option being considered by the Agency.
3. The proposal's estimated annual mileage should be consistent with the agency's WIC Service Delivery Table and Calendar.
4. The proposal should also address other costs involved with the vehicle like insurance,

maintenance, and repairs.

5. The proposal must provide assurance that the vehicle purchased is for WIC use only.

Note: Replacement vehicles will only be approved if the existing vehicle has over 120,000 miles on the odometer.

Once the proposal is completed, the proposal will then be forwarded through the following steps for approval.

1. The Local Agency will send the proposal to the State agency for approval.
2. Once the State agency approves the proposal, it would then be forwarded to the Regional Office for final approval.
3. Once the proposal is approved by the Regional Office, the State Agency will be notified and in turn notify the Local Agency.

### **Administrative Review**

All contracts, leases, and cost allocation plans for transportation is reviewed as part of the administrative on-site review process.

### **Mileage Reimbursement**

Mileage reimbursement for use of privately owned vehicles may not exceed the current state government rate (see current contract for state rates).

### **Lease Agreements**

Lease agreements may extend past the end of the fiscal year; however, they must have an escape provision allowing cancellation in the event of a loss in federal funds.

### **Special Conditions of the General WIC Contract**

Section 4 of the General Conditions is not applicable to the purchase of vehicles with contract funds. With respect to the Contractor's purchase of vehicles with Department funds, the following shall apply:

1. The contractors may purchase \_\_\_\_ vehicle(s) with Department funds for the purpose of WIC business.
2. The Contractor shall obtain and retain title to any vehicle(s) purchased with Department funds during the contract period and after termination of the contract, for the life of the vehicle.
3. The contractor agrees to purchase all insurance, fees, title, and registration, as required by the state of Iowa for the life of the vehicle.
4. The Contractor agrees that its indemnification obligations pursuant to the IDPH General Conditions include the duty to indemnify and hold harmless the state of Iowa, the Department, and its officers, employees, agents, and volunteers from any liabilities, damages, settlements, judgments, costs, and expenses related to or arising out of any claims for damages to person or property or life arising out of the use of any vehicle purchased pursuant to this section.

If the WIC contract is terminated, the contractor will transfer title of the vehicle to the agency that assumes WIC service in that particular area.